

Message Text

SECRET

PAGE 01 STATE 028200
ORIGIN SS-25

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NEA/ARN:MDRAPER
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S/S - MR. BRIDGES

-----082109Z 100608 /75

O 082000Z FEB 77
FM SECSTATE WASHDC
TO AMEMBASSY AMMAN IMMEDIATE
AMEMBASSY JIDDA IMMEDIATE
INFO CHUSMTM DHAHRAN IMMEDIATE
USCINCEUR

S E C R E T STATE 028200

EXDIS - MILITARY ADDRESSEES HANDLE AS SPECAT EXCLUSIVE

E.O. 11652: GDS

TAGS: MASS, PFOR, JO, US, SA

SUBJECT: HAWK PAYMENT PROBLEMS
FOR AMBASSADORS
REF: (A) AMMAN 672, (B) AMMAN 716, (C) JIDDA 942,
(D) JIDDA 941, (E) STATE 24248, (F) JIDDA 916

1. WE VIEW THE MIX-UP ON THE DOLS 140 MILLION AS ONE
WHICH JORDANIANS AND SAUDIS MUST QUICKLY RESOLVE BETWEEN
THEMSELVES. AS BOTH OF YOU HAVE OBSERVED, WE WANT TO AVOID
HAVING TO PLAY MIDDLEMAN BETWEEN GOJ AND SAG ON THIS
ISSUE, AND HOPE IT WILL NOT BE RAISED WITH THE SECRETARY

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ON HIS FEB 18-20 VISITS TO AMMAN AND RIYADH. AMBASSADOR
PICKERING HAS USEFULLY POINTED OUT TO SHARAF THE IMPLICA-
TIONS FOR JORDAN OF A GOJ-SAG CONTROVERSY, AND WE BELIEVE
WE SHOULD NOW ALLOW GOJ AND SAG TO WORK IT OUT--AT
LEAST FOR TIME BEING AND UNLESS JORDANIANS CONTINUE TO
PROCRASTINATE IN WORKING OUT UNDERSTANDING WITH SAG. IN

THAT EVENT, AMBASSADOR PICKERING WILL HAVE TO URGE THEM TO MOVE WITH NO FURTHER DELAY.

2. YOU SHOULD KNOW THAT DOD, IN ANTICIPATION OF EARLY RECEIPT FROM SAG OF FIRST INSTALLMENT PAYMENT (DOLS 140 MILLION) DUE ON JORDAN'S AIR DEFENSE PROGRAM, HAS--AS

AGREED BY SAUDI FOREIGN MINISTRY IN THE WRITTEN UNDERSTANDING GIVEN TO AMBASSADOR PORTER LAST AUG 28 (76 JIDDA 5870)--BEEN DRAWING ON UNIFIED SAUDI FMS ACCOUNT TO PAY BILLS SO FAR FALLING DUE IN CONNECTION WITH THAT PROGRAM. SIZEABLE FUNDS DEPOSITED BY SAG IN THIS UNIFIED ACCOUNT WILL PERMIT DOD TO CONTINUE SUCH DRAW-DOWNS, AS NECESSARY, FOR THE IMMEDIATE FUTURE. IN INTEREST OF BEING ABLE TO MANAGE AND ACCOUNT PROPERLY TO SAG FOR ITS JORDANIAN AIR DEFENSE EXPENDITURES, HOWEVER, DOD NEEDS FIRST SAUDI INSTALLMENT OF DOLS 140 MILLION JUST AS SOON AS POSSIBLE. WE DESIRE TO RECEIVE THIS PAYMENT, AS WE MUST RECEIVE ALL FUTURE INSTALLMENTS, DIRECTLY FROM SAG IN ACCORDANCE WITH LETTER AND SPIRIT OF THE WRITTEN UNDERSTANDING BETWEEN OUR TWO GOVTS. HOWEVER, IN VIEW OF PRESENT SCRAMBLED SITUATION, PRECISE METHOD OF TRANSFER FOR THE FIRST INSTALLMENT WILL DEPEND ON ARRANGEMENTS TO BE WORKED OUT BETWEEN GOJ AND SAG.

3. FOR AMBASSADOR PICKERING: YOU WILL RECOGNIZE, OF COURSE, THAT THIS SNAFU WILL PROBABLY COMPLICATE--AND PERHAPS DESTROY--GOJ'S CHANCES OF GETTING A SAUDI CO-SIGNATURE FOR THE OUTSTANDING FMS CREDITS. FOR OUR PART,
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WE ARE INTERESTED IN KNOWING WHETHER PRIMIN BADRAN'S STATEMENT THAT THE FUNDS WERE "SPENT" TO RELIEVE GOJ'S 1976 BUDGET DEFICIT MEANS THAT THEY HAVE ALREADY BEEN DISBURSED (AS OPPOSED TO BEING MERELY ALLOCATED). (WE ARE FRANKLY SURPRISED THAT SUCH A SUM COULD HAVE DISAPPEARED SO QUICKLY AND WE WOULD LIKE YOUR ESTIMATE OF WHAT WAS DONE WITH IT).

4. FOR AMBASSADOR PORTER: IN VIEW OF OUR STRONG DESIRE TO SEE GOJ AND SAG RESOLVE THIS MATTER SPEEDILY BETWEEN THEMSELVES, YOU SHOULD NOT RPT NOT DIVULGE AT THIS TIME TO SAG WHAT THE JORDANIANS HAVE TOLD US ABOUT THEIR HANDLING OF THE DOLS 140 MILLION. YOU SHOULD STATE ONLY THAT WE HAVE REQUESTED THE GOJ TO RELEASE TO US THE DOLS 140 MILLION MISTAKENLY TRANSFERRED TO THEM BY SAG AND THAT WE EXPECT SAG AND GOJ TO RESOLVE THIS SITUATION AS QUICKLY AS POSSIBLE IN ORDER TO ENSURE SPEEDY PAYMENT TO USG. AT SAME TIME, YOU SHOULD ADVISE SAUDIS THAT DOD, IN THE MEANTIME, IS CONTINUING TO DRAW, AS NECESSARY, ON THE UNIFIED SAUDI FMS ACCOUNT TO MEET ONGOING EXPENSES FOR

JORDAN'S AIR DEFENSE PROGRAM. YOU SHOULD ALSO USE EVERY
OPPORTUNITY TO REITERATE THAT THE AGREEMENT OF AUGUST 1976
REQUIRES SAG TO MAKE JORDANIAN AIR DEFENSE PAYMENTS
DIRECTLY RPT DIRECTLY TO USG, AND THAT WE EXPECT SAG TO
ADHERE TO THIS UNDERSTANDING IN ALL FUTURE INSTALLMENTS;

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